



State of Utah
School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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M/037/088

May 28, 1998

Pat Gochnour
Gochnour & Associates, Inc.
5231 South Quebec
Greenwood Village, Colorado 80111

Re: Approval, Summo USA Corporation and Lisbon Valley Mining Co. LLC (Summo),
Lisbon Valley Copper Project, Metalliferous Minerals Leases ML-17661 and ML-20569
San Juan County, Utah, M/037/088 (UTU-72499)

Dear Mr. Gochnour:

With the form and amount of reclamation surety for Summo's Lisbon Valley Copper Project being conditionally approved by the Board of Oil, Gas and Mining on December 10, 1997, the School and Institutional Trust Lands Administration by this letter hereby grants its final approval of the Lisbon Valley Copper Project and the reclamation surety bond. The approved reclamation surety in the amount of \$ 2,689,000 represents 30% of the total surety for the life of the project. The reclamation surety bond (f. ...) issued by United States Fidelity and Guaranty Company jointly lists the Division of Oil, Gas and Mining, US Department of the Interior - Bureau of Land Management and the School and Institutional Trust Lands Administration.

The approved reclamation surety is posted to cover the surface disturbances created during the first three years of project operation, or 395 acres of surface disturbance, whichever comes first. Summo is required to increase this surety and receive the appropriate state and federal approvals prior to exceeding this amount of surface disturbance or for an extension beyond the escalation year of 2002.

As mentioned in my letter, dated September 13, 1996, to Mr. Pat Gochnour, the School and Institutional Trust Lands Administration will require a separate bond in the amount of \$ 25,000.00 to cover other lease obligations as provided for in the second paragraph of Article XII of lease agreements ML-17661 and ML-20569. The Trust Lands Administration will require posting of the separate bond prior to commencement of project operations on trust lands.

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Thank you for your patience and cooperation

Sincerely,

A handwritten signature in black ink, appearing to read "William M. Stokes", with a stylized flourish at the end.

William M. Stokes

Minerals Resource Specialist

cc: Robert Prescott, Summo

D. Wayne Hedberg, DOGM